

Message Text

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11
ACTION EUR-12

INFO OCT-01 ISO-00 SEC-01 EB-07 L-03 TRSE-00 (ISO) W
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R 230756Z AUG 76
FM AMEMBASSY BERN
TO SECSTATE WASHDC 3067

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EUR/CE FOR SUSAN KLINGAMAN

PLEASE PASS SEC FOR BOROWSKI

EO 11652: NA
TAGS: SZ
SUBJ: SEC - AIC CASE

REF: (A) BERN 2656, (B) BERN 2161, (C) BERN 2701, (D) BOROWSKI/
KEMPE TELECONS

1. SUMMARY: THERE HAS BEEN A DELAY IN BEGINNING THE CO-
OPERATION ENVISAGED BETWEEN US AND SWISS AUDITING FIRMS.
WE ARE ASSURED THAT THE PROBLEMS CAUSING THE DELAY WILL
BE OVERCOME. END SUMMARY.

2. AS DEPT AWARE, (REFTEL C) BERNHARD MUELLER,
DIRECTOR, SECRETARIAT, SWISS FEDERAL BANKING COMMISSION ON
JUNE 15 SIGNED A LETTER OF INSTRUCTIONS TO COOPERS AND
LYBRAND OF BASEL WHICH COVERS THE CONDITIONS UNDER
WHICH THAT FIRM IS TO COOPERATE WITH COOPERS-LYBRAND OF
NEW YORK IN CARRYING OUT THE AUDIT OF PROGRESS FOUNDATION.

3. THAT COOPERATION HAS NOT BEGUN. ALTHOUGH THE SWISS
FIRM HAS BEGUN ITS WORK, DR STUEDER, THE COMMISSIONER
APPOINTED BY THE SWISS DEPT OF THE INTERIOR TO ACT
FOR THE PROGRESS FOUNDATION, HAS REFUSED THUS FAR TO
ACCEPT THE TERMS OF THE LETTER OF JUNE 15.

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4. ON AUG 6, COOPERS-LYBRAND OF BASEL ISSUED AN

INTERIM REPORT WHICH COVERS PROBLEMS THAT HAVE ARISEN
THUS FAR AND INDICATES THAT THERE IS STILL NO AGREEMENT
BETWEEN THEIR FIRM AND THE NEW YORK FIRM ON THE METHODOLOGY
OF THEIR COOPERATION.

5. WE HAVE BEEN IN ALMOST DAILY CONTACT WITH MUELLER
ON THIS PROBLEM. HE HAS JUST RECEIVED STUDER'S COMMENTS
ON THE INTERIM REPORT AND WILL HOLD ANOTHER IN A SERIES
OF MEETINGS WITH HIM AND OTHER SWISS OFFICIALS INVOLVED
ON AUG 29. HE REGRETS THE DELAY AS MUCH AS WE DO,
AND CONTINUES TO ASSURE US THAT THE SWISS WILL FULFILL
THE TERMS OF THE JUNE 15 LETTER. HE SAYS HE IS MOVING
AS RAPIDLY AS HE CAN TO GET THE COOPERATION CONTEMPLATED
UNDERWAY, THAT SUTDER'S OBJECTIONS ARE IN HIS OPINION
WITHOUT FOUNDATION, BUT THAT THE COMMISSION CANNOT MOVE
FASTER WITHOUT RUNNING THE RISK OF VIOLATING RIGHTS TO
WHICH THE PARTIES IN THIS CASE ARE ENTITLED UNDER SWISS LAW.

6. WE HAVE NO REASON TO BELIEVE MUELLER IS NOT PROCEEDING
AS QUICKLY AS HE CAN, OR THAT HE WILL RENEGE ON HIS COMMIT-
MENTS. WE WILL CONTINUE TO PRESS HIM TO GET THE AUDIT
UNDERWAY IN ACCORDANCE WITH THE TERMS AND CONDITIONS
OF HIS LETTER OF JUNE 15.

DAVIS

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Message Attributes

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